

Message Text

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EB/TA - MR. MEYER (SUBS)

-----094768 080034Z /72

P 072256Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY ROME PRIORITY

UNCLAS STATE 158256

E.O. 11652: NA

TAGS: ECON, IT

SUBJECT: PHARMACEUTICAL PRICE CONTROLS

REFS: A. ROME 4532
B. ROME 8369

1. PRIOR TO ITS LETTER TO THE DEPT. ON THIS SUBJECT
(STATE 45799) THE PHARMACEUTICAL MANUFACTURERS ASSOCIATION
HAD ENDEAVORED, UNSUCCESSFULLY, TO ARRANGE MEETING TO
DISCUSS SUBJECT WITH ANDREOTTI WHEN HE LAST VISITED
WASHINGTON. PMA HAS INDICATED INFORMALLY TO DEPARTMENT
THAT IT MAY AGAIN SEEK MEETING WITH THE PRIME MINISTER
WHEN HE VISITS WASHINGTON THIS MONTH, TO EXPRESS ITS CONCERN
OVER LACK OF PROGRESS IN ALLEVIATING PROBLEM FACING
PHARMACEUTICAL COMPANIES DOING BUSINESS IN ITALY.

2. REF A INDICATED IN PARA 5 THAT EMBASSY HAD CONSULTED
GOI SOURCES ON THIS PROBLEM, AND PMA IS AWARE OF THIS.
REF B ALSO INDICATED THAT EMBASSY INTENDED DISCUSS NEW
PRICING METHOD WITH LOCAL REPRESENTATIVES OF U.S. FIRMS.
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3. PMA INFORMATION FROM THE ROME REPRESENTATIVE OF ITS
EUROPEAN REGIONAL GROUP IS THAT NOTHING HAS HAPPENED TO
DATE WITH REGARD TO NEW PRICES AS RESULT OF GOVERNMENT

DECISIONS REPORTED REF B. PMA ALSO UNDERSTOOD THAT A
SWISS DELEGATION WAS TO MEET WITH OSSOLA AND OTHER ITALIAN

OFFICIALS ON THIS PROBLEM ON JULY 5.

4. WE BELIEVE THAT EMBASSY SHOULD MAKE THE POINT AT AN APPROPRIATE GOI POLICY LEVEL THAT PMA WHICH REPRESENTS MOST OF U.S. FIRMS ENGAGED IN PHARMACEUTICAL TRADE IN ITALY, IS VERY CONCERNED THAT ACTIONS BE IMPLEMENTED TO:

(1) END THE REQUIREMENT THAT PHARMACEUTICAL COMPANIES MUST DISCOUNT 19 PERCENT OF SELLING PRICES TO MUTUAL HEALTH INSURANCE FUNDS FOR SALES MADE TO THEIR MEMBERS.

(2) ALLOW EQUITABLE PRICE INCREASES FOR MEDICINES TO COMPENSATE FOR INCREASED COSTS.

(3) PROVIDE IN NEW PRICE CONTROL FORMULA FOR A REASONABLE PERCENTAGE ALLOWANCE FOR COMPANIES THAT PERFORM RESEARCH AS WELL AS END THE UNREALISTIC 50 PERCENT HOSPITAL DISCOUNT.

5. WE WOULD APPRECIATE REPORT OF EMBASSY ACTION, IN ORDER TO ADVISE PMA SO THAT THEY MAY NOT FEEL IMPELLED TO PURSUE ANDREOTTI PARTY HERE IN ORDER TO MAKE THESE POINTS. VANCE

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